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WEBER HUMAN SERVICES

June 30, 2009 and 2008

Financial Statements

(With Auditors' Report)

**LITZ &
COMPANY**

*Certified Public Accountants
A Professional Corporation*

WEBER HUMAN SERVICES
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**To the Board of Directors
Weber Human Services**

We have audited the accompanying financial statements of Weber Human Services, for the years ended June 30, 2009 and 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weber Human Services' management. Our responsibility is to express opinions on these financial statements based on our audit.

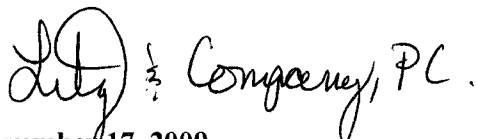
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weber Human Services as of June 30, 2009 and 2008, and the results of operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009, on our consideration of Weber Human Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Weber Human Services' basic financial statements. The Supplementary Information and the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Weber Human Services. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


November 17, 2009

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Management's Discussion and Analysis

As management of Weber Human Services (The Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the independent Auditor's report.

History and Background of Agency

Weber Human Services was formed January 1, 1994 under an interlocal cooperation agreement between Weber and Morgan Counties to provide mental health, aging and substance abuse services to the residents of those counties.

The interlocal agreement created a separate, legal, political entity. The term of the interlocal agreement is for fifty years. Either of the participating counties may terminate the agreement by giving a six-month notice.

Today Weber Human Services has approximately 400 employees who provide mental health and substance abuse treatment to over 6,000 distinct clients. Aging services provided approximately 100,000 congregate meals at area senior centers and 145,000 home delivered meals in FY 2009. Aging services also coordinates and administers various programs that involve over 850 individuals as volunteers as well as services to approximately 6,300 individuals ranging from information and education to managed care. Other programs include substance abuse prevention.

Financial Highlights

- The Agency's net assets increased by \$504,708 during the current fiscal year. The unrestricted net assets balance of \$2,356,982 may be used to meet the Agency's ongoing obligations to creditors.
- Revenues increased by approximately \$457,915 or 1.9 percent. This is primarily due to an increase in Medicaid eligibles.
- Due to no increases in salary and benefits or major changes in program, FY2009 was relatively unchanged when compared to FY2008.

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. Weber Human Services is a special-purpose government engaged only in business-type activities, so only the fund financial statements are presented as the basic financial statements. The report also includes other supplementary information in addition to the basic financial statements.

Financial statements. The financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Agency is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

The *Statement of Cash Flows* presents information showing how the cash and cash equivalents of the Agency changed during the most recent fiscal year because of cash flows.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are part of the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Agency's functional expenses.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$7,316,011 at the close of the most recent fiscal year.

By far the largest portion of the Agency's assets (50 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt (Certificates of Participation payable) used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to clients; consequently, these assets are *not* available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Weber Human Service Net Assets

	2009	2008
Current and other assets	\$7,106,128	\$6,233,763
Capital assets (net of accumulated depreciation)	12,674,029	13,228,678
Deferred charges, net	188,824	212,427
Total assets	19,968,981	19,674,868
Long-term liabilities outstanding	8,836,546	8,959,097
Other liabilities	3,816,424	3,904,468
Total liabilities	12,652,970	12,863,565
Net assets:		
Invested in capital assets, net of related debt	4,959,029	4,718,678
Unrestricted	2,356,982	2,092,625
Total net assets	7,316,011	6,811,303

The balance of *unrestricted net assets* (\$2,356,982) may be used to meet the Agency's ongoing obligations to creditors.

The Agency's net assets increased by \$504,708 during the current fiscal year.

Business-type Activities. Key elements of the increase of net assets are as follows:

Weber Human Service's Changes in Net Assets

	2009	2008
Revenues:		
Operating revenues:		
Federal grant revenue	\$3,345,849	\$3,355,989
State revenue	7,307,251	7,411,329
Local revenue	2,087,939	2,219,094
Client revenue, net	11,515,141	10,811,853
Other income (expense)		
Total operating revenue	24,256,180	23,798,265
Operating expenses:		
Program salaries and benefits	14,334,965	14,405,011
Direct Program services for clients	3,612,471	3,557,895
Program operating expenses	2,004,089	2,170,473
Administrative salaries and benefits	2,377,573	2,573,793
Administrative expenses	459,260	610,500
Depreciation	648,333	603,092
Total Operating Expenses	23,436,691	23,922,794
Income/(Loss) from operations	819,489	(124,499)
Non-operating revenues (expenses)		
Interest income	49,368	236,267
Interest expense	(374,891)	(517,210)
Gain (loss) on sale of assets	10,742	3,999
Total non-operating income (expense)	(314,781)	(276,944)
Change in net assets	504,708	(401,443)
Net assets – Beginning	6,811,303	7,212,746
Net assets – Ending	7,316,011	6,811,303

- Revenues increased by approximately \$457,915 or 1.9 percent. This is primarily due to an increase in Medicaid eligibles.
- Interest income earnings decreased by \$186,899 primarily because of decreased interest rates during 2009.
- Operating expenses decreased by approximately \$486,103 or 2%. This was due in large part to a decrease in salaries and benefits on the year. There were also decreases in program costs.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Capital Asset and Debt Administration

Capital Assets. The Agency's investment in capital assets for its governmental and business- type activities as of June 30, 2009 amounts to \$12,674,029 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture & equipment and vehicles.

Major capital asset events during the current fiscal year included scheduled replacement of certain fleet vehicles used in the Agency's operations and writing off any furniture and equipment purchased for less than \$5,000 that has been fully depreciated. Purchases included technological equipment such as video conferencing equipment and computer servers. We also replaced the heating and cooling units on our Skills Development building.

Weber Human Service's Capital Assets (net of depreciation)

	2009	2008
Land	\$1,641,426	\$1,641,426
Buildings	10,398,719	10,782,291
Furniture and Equipment	338,313	340,167
Vehicles	295,571	464,793
Construction in Progress	0	0
Total	\$12,674,029	\$13,228,678

Long-term debt. Weber Human Services issued \$9,340,000 of Certification of Participating Series 2007 along with \$1,355,000 of debt service fund reserves to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the \$10,495,000 of Series 1998 A & B Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carry amount of the old debt by \$319,527.

Additional information on the Agency's long-term debt can be found in Note 6 of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Weber Human Services, ATTN: Randy Bates, 237 26th Street, Ogden, Utah 84401.

BASIC FINANCIAL STATEMENTS

WEBER HUMAN SERVICES
Statement of Net Assets - Proprietary Funds
June 30, 2009 and 2008

	<u>Primary Government</u>		<u>Component</u>
	<u>2009</u>	<u>2008</u>	<u>Unit (as of</u> <u>Dec. 31, 2008)</u>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 3,514,510	\$ 2,563,515	\$ 22,430
Investments	-	-	210,811
Accounts receivable, net	3,160,153	3,202,385	316
Inventory	193,089	176,119	966
Prepaid expenses	238,376	291,744	-
Total current assets	<u>7,106,128</u>	<u>6,233,763</u>	<u>234,523</u>
Noncurrent Assets:			
Deferred charges, net	188,824	212,427	-
Capital assets			
Land	1,641,426	1,641,426	-
Building	14,631,107	14,631,107	-
Furniture & equipment	1,528,241	1,571,774	-
Vehicles	1,066,941	1,230,696	-
Less accumulated depreciation	<u>(6,193,686)</u>	<u>(5,846,325)</u>	<u>-</u>
Net capital assets	<u>12,674,029</u>	<u>13,228,678</u>	<u>-</u>
Total noncurrent assets	<u>12,862,853</u>	<u>13,441,105</u>	<u>-</u>
Total assets	<u>\$ 19,968,981</u>	<u>\$ 19,674,868</u>	<u>\$ 234,523</u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES
Statement of Net Assets - Proprietary Funds
June 30, 2009 and 2008

	<u>Primary Government</u>		<u>Component</u>
	<u>2009</u>	<u>2008</u>	<u>Unit (as of</u>
			<u>Dec. 31, 2008)</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities:			
Accounts payable	\$ 694,423	\$ 581,380	\$ 4,088
Accrued liabilities	1,821,825	1,976,363	-
Accrued interest payable	-	167,926	-
Accrued post employment benefits, current portion	470,176	383,799	-
Certificates of participation, current portion	830,000	795,000	-
Total current liabilities	3,816,424	3,904,468	4,088
Noncurrent Liabilities:			
Accrued post-employment benefits, less current portion	1,110,584	1,204,406	-
Certificates of participation, less current portion	6,885,000	7,715,000	-
Deferred revenue	840,962	39,691	-
Total noncurrent liabilities	8,836,546	8,959,097	-
Total liabilities	12,652,970	12,863,565	4,088
Net Assets:			
Restricted -			
Invested in capital assets, net of related debt	4,959,029	4,718,678	-
Restricted	-	-	124,665
Unrestricted	2,356,982	2,092,625	105,770
Total net assets	7,316,011	6,811,303	230,435
Total liabilities and net assets	<u>\$ 19,968,981</u>	<u>\$ 19,674,868</u>	<u>\$ 234,523</u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES

**Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds
For the Years Ended June 30, 2009 and 2008**

	<u>Primary Government</u>		<u>Component Unit (as of Dec. 31, 2008)</u>	
	<u>2009</u>	<u>2008</u>		
Operating Revenues:				
Federal grant revenue	\$ 3,345,849	\$ 3,355,989	\$	-
State revenue	7,307,251	7,411,329		-
Local revenue	2,087,939	2,219,094		107,838
Client revenue (net of match and cost of goods sold)	<u>11,515,141</u>	<u>10,811,853</u>		<u>-</u>
Total operating revenues:	24,256,180	23,798,265		107,838
Operating Expenses:				
Program salaries and benefits	14,334,965	14,405,011		-
Direct program services for clients	3,612,471	3,557,895		-
Program operating expenses	2,004,089	2,170,473		125,338
Administrative salaries and benefits	2,377,573	2,575,793		24,775
Administrative expenses	459,260	610,500		-
Depreciation	<u>648,333</u>	<u>603,092</u>		<u>-</u>
Total operating expenses:	<u>23,436,691</u>	<u>23,922,764</u>		<u>150,113</u>
Operating income (loss)	<u>819,489</u>	<u>(124,499)</u>		<u>(42,275)</u>
Non-Operating Revenues (Expenses):				
Interest income	49,368	236,267		10,250
Interest expense	(374,891)	(517,210)		-
Gain/(Loss) on sale of assets	<u>10,742</u>	<u>3,999</u>		<u>(9,234)</u>
Total non-operating income (Expense)	<u>(314,781)</u>	<u>(276,944)</u>		<u>1,016</u>
Change in Net Assets	504,708	(401,443)		(41,259)
Total Net Assets - beginning	<u>6,811,303</u>	<u>7,212,746</u>		<u>271,694</u>
Total Net Assets - ending	<u><u>\$ 7,316,011</u></u>	<u><u>\$ 6,811,303</u></u>	<u><u>\$</u></u>	<u><u>230,435</u></u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES
Statement of Cash Flows - Proprietary Fund
For the Years Ended June 30, 2009 and 2008

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>2009</u>	<u>2008</u>	<u>(as of Dec. 31, 2008)</u>
Cash flows from operating activities			
Receipt from grants and patients	\$ 25,099,683	\$ 22,963,012	\$ 39,701
Payments to employees	(16,712,538)	(16,980,804)	
Payments to suppliers	(6,232,685)	(7,360,595)	(77,143)
Net cash provided (used) by operating activities	<u>2,154,460</u>	<u>(1,378,387)</u>	<u>(37,442)</u>
Cash flows from noncapital financing activities			
Purchase of investments	-	-	(9,484)
Interest received	<u>49,368</u>	<u>236,267</u>	<u>10,250</u>
Net cash provided (used) by noncapital financing activities	<u>49,368</u>	<u>236,267</u>	<u>766</u>
Cash flows from capital and related financing activities			
Purchase of assets	(116,897)	(709,277)	-
Principle payments on certificates of participation obligation	(795,000)	(1,985,000)	-
Interest paid	(374,891)	(517,210)	-
Proceeds from sale of assets	<u>33,955</u>	<u>18,255</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(1,252,833)</u>	<u>(3,193,232)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalent:	950,995	(4,335,352)	(36,676)
Cash and cash equivalents - beginning	2,563,515	6,898,867	59,106
Cash and cash equivalents - end	<u>\$ 3,514,510</u>	<u>\$ 2,563,515</u>	<u>\$ 22,430</u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES
Statement of Cash Flows - Proprietary Fund (Continued)
For the Years Ended June 30, 2009 and 2008

	Primary Government		Component Unit
	2009	2008	(as of Dec. 31, 2008)
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 819,489	\$ (124,499)	\$ (51,509)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization expense	648,333	603,092	-
Changes in the following			
Accounts receivable	42,232	(634,987)	1,271
Inventory	(16,970)	3,944	(4)
Prepaid expenses	53,368	(71,421)	-
Deferred charges	23,603	42,972	-
Accounts payable	113,043	(588,979)	3,566
Accrued liabilities	(154,538)	290,276	-
Accrued interest payable	(167,926)	(106,095)	-
Accrued post employment benefits	(7,445)	(592,424)	-
Deferred revenue	801,271	(200,266)	-
Net unrealized gains (loss) on investments	-	-	9,234
Total adjustments	1,334,971	(1,253,888)	14,067
Net cash provided (used) by operating activities	<u>\$ 2,154,460</u>	<u>\$ (1,378,387)</u>	<u>\$ (37,442)</u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES
Statement of Fiduciary Net Assets - Fiduciary Fund
June 30, 2009 and 2008

	Representative Payee Program	
	2009	2008
<u>Assets</u>		
Cash and cash equivalents	\$ 122,700	\$ 84,086
Total assets	<u>122,700</u>	<u>84,086</u>
<u>Liabilities</u>		
Amounts due to patients	<u>122,700</u>	<u>84,086</u>
Total Liabilities	<u>122,700</u>	<u>84,086</u>
<u>Net Assets</u>		
Total net Assets	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Weber Human Services (the Agency), was organized on January 1, 1994 under an interlocal cooperation agreement between Weber and Morgan Counties to provide mental health, aging, and substance abuse services to the residents of those counties. The interlocal agreement created a separate, legal and political entity. The term of the interlocal agreement is for fifty years. One or both of the participating counties may terminate the agreement; however, the terminating party must give a six-month notice. In the event of termination, any property transferred by the participants will revert to the contributing county.

Weber Human Services' main sources of funding are as follows:

1. Federal Revenues
2. State Revenues
3. Local Revenues
4. Client Revenues
5. Interest Income

Weber Human Services Corporation, a not-for-profit corporation, (Corporation) is considered to be a discretely presented component unit of the Agency. The Corporation was formed in 1994 to assist the Agency in creating a secure basis of financial and community support and to provide quality, affordable human services to the residents of Weber and Morgan Counties. The Agency provides significant personnel support to the Corporation. Total in-kind donations from the Agency to the Corporation during the year ended December 31, 2008 and 2007 were \$60,560 and \$59,319, respectively. The basic criterion for including the Corporation as a component unit is the financial statements may be misleading if Weber Human Services Corporation were not included. Separate financial statements for the Corporation may be obtained from Weber Human Services Corporation, 237 26th Street, Ogden, UT 84401.

Financial Statements

The financial statements (e.g. the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. The primary government is reported separately from certain legally separate component units.

Measurement Focus and Basis of Accounting

The financial statements are reported using economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

The operations of Weber Human Services are reported in the proprietary fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting - Continued

proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund of Weber Human Services are charges to customers for services and grants. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

In addition to the proprietary fund, the Agency reports a fiduciary fund type, which is a representative payee program. The representative payee program funds are amounts received by the Agency and held in trust for clients of the Agency. The Agency then disburses the funds at the request of the clients.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Agency has elected to follow subsequent private-sector guidance, except for those that conflict with GASB pronouncements.

Assets, Liabilities and Net Assets

Cash and Cash Equivalents

The Agency defines cash and cash equivalents as all deposits in its checking, savings, money market accounts, and all highly liquid debt instruments purchased with an original maturity of three months or less. At times, cash balances in the Agency's accounts may exceed federally-insured limits.

Investments

The Agency records investments at fair value or amortized cost, which approximates fair value.

Accrued Annual Leave

It is the Agency's policy to permit employees to accumulate earned but unused annual leave up to 320 hours. All annual leave up to this amount is accrued when incurred in the financial statements.

Inventory

Inventory is valued at the lower of cost (first in, first out) or market and consists of prescription drugs.

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies - Continued

Assets, Liabilities and Net Assets - Continued

Capital Assets

Capital assets are recorded at cost, or in the case of donated assets, at fair value. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is charged as an expense on the Agency's operating statements. Accumulated depreciation is reported on the Agency's statement of net assets. Depreciation has been provided over the estimated useful lives of assets using the straight line method. The estimated useful lives of all depreciable capital assets are as follows:

	<u>Years</u>
Furniture & Fixtures	3 – 10
Vehicles	3 – 10
Equipment	5 – 20
Buildings	40

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Charity Care

The Agency has a policy of providing charity care to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Agency does not expect payment, estimated charges for charity care are not included in revenue. The amount of charity care provided during the year ending June 30, 2009 and 2008 was \$2,506,942 and \$2,225,578, respectively.

Note 2 – Stewardship, Compliance and Accountability

The Agency follows these procedures in establishing its budget:

1. On or before the first regularly scheduled meeting of the Board of Directors (Board) in May of each year, the Chief Financial Officer submits to the Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenses and the means of financing them.

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 2 – Stewardship, Compliance and Accountability – Continued

2. The Board reviews and tentatively adopts the budget submitted.
3. A public hearing is conducted to obtain constituent and customer comments. The Board makes any necessary and proper adjustments to the budget.
4. Prior to the beginning of the fiscal year, the budget is enacted by adoption of a resolution by the Board.
5. The budget may be amended any time during the year. The amended budget is enacted by a resolution by the Board of Directors. The 2009 budget was amended during the year.
6. Formal budgetary integration is employed as a management control device during the year.

Note 3 - Deposits and Investments

Deposits. At June 30, 2009 and 2008, the Agency's bank balance was \$2,961,426 and \$284,129, respectively. Of the bank balances, \$255,889 and \$255,758, respectively, were covered by federal depository insurance and the remainder was uninsured and not collateralized. Utah state statutes do not require deposits to be collateralized. However, the state commissioner of financial institutions monitors financial institutions monthly and establishes limits for deposit of public money at individual financial institutions and the Agency follows these recommendations.

Investments. Statutes authorize the government to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's corporation or P-1 by Moody's commercial paper record, Banker's Acceptances, Repurchase Agreements, and the Utah Public Treasurer's Investment Fund (UPTIF), which is controlled by the State of Utah Money Management Act. The Agency has no investment policy that would further limit its investment choices. The amounts recorded approximate fair value at June 30, 2009 and 2008.

The government's investment balance at June 30, 2009 and 2008 was as follows:

<u>Investment Type</u>	<u>Fair Value</u>		<u>Maturity</u>	<u>Quality Ratings</u>
	<u>2009</u>	<u>2008</u>		
UPTIF	\$ 1,292,518	\$ 2,994,820	N/A	Not Rated
Repurchase Agreements	-	2,067	Daily	N/A
Total	<u>\$ 1,292,518</u>	<u>\$ 2,996,887</u>		

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 3 - Deposits and Investments – continued

Investments – continued

Reconciliation of deposits and investments to cash and cash equivalents:

	2009	2008
Deposits	\$ 2,341,685	\$ (351,711)
Repurchase Agreements	-	2,067
UPTIF	1,292,518	2,994,820
Cash on Hand	2,525	2,425
Total Deposits and Investments	<u>\$ 3,636,728</u>	<u>\$ 2,647,601</u>

As reported on the statement of net assets:

Fiduciary Cash and Cash Equivalents	122,700	\$ 148,551
Proprietary Cash and Cash Equivalents	<u>3,514,028</u>	<u>2,498,694</u>
Total Cash and Investments	\$ 3,636,728	\$ 2,647,601
Fiduciary Funds	<u>(122,700)</u>	<u>(84,086)</u>
	<u>\$ 3,514,510</u>	<u>\$ 2,563,515</u>

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's \$0 and \$2,067 investment in Repurchase Agreements is uninsured and unregistered investments for which the securities are held by the counterparty. The Agency's sweep account is the Repurchase Agreements stated above. The government has no policy on custodial credit risk.

The Utah Public Treasurer's Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The fund investments must comply with the provisions of the Utah Money Management Act. The fund is not SEC registered. The fair value of the government's position in the fund is the same as the value of fund shares. Thirty-six percent of the Agency's cash and cash equivalents are at the UPTIF. The Agency has classified amounts invested in the UPTIF as cash and cash equivalents.

The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reconciled Balance			Balance
	June 30, 2008	Additions	Deletions	June 30, 2009
Capital assets, not being depreciated:				
Land	1,641,426	-	-	1,641,426
Total	1,641,426	-	-	1,641,426
Capital assets, being depreciated:				
Buildings and improvements	14,631,107	-	-	14,631,107
Furniture & equipment	1,571,774	116,898	(160,431)	1,528,241
Vehicles	1,230,696	-	(163,755)	1,066,941
Total	17,433,577	116,898	(324,186)	17,226,289
Less accumulated depreciation for:				
Buildings and improvements	(3,848,816)	(383,572)	-	(4,232,388)
Furniture & equipment	(1,231,606)	(118,753)	160,430	(1,189,929)
Vehicles	(765,903)	(146,008)	140,543	(771,369)
Total	(5,846,325)	(648,333)	300,973	(6,193,686)
Net depreciable assets	11,587,252	(531,435)	(23,213)	11,032,603
Capital assets, net	\$ 13,228,678	\$ (531,435)	\$ (23,213)	\$ 12,674,029

Note 5 - Accounts Receivable

Accounts receivable consists of the following:

	Agency	Component unit (for the year ended Dec. 31, 2008)
State and local funding	\$ 3,120,422	\$ 316
Client revenue	1,360,916	-
	4,481,338	316
Allowance and contractual adjustments related to client revenue	(1,245,794)	-
related to state and local funding	(75,391)	
Net receivables	\$ 3,160,153	\$ 316

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 6 – Long-Term Debt

Long-term liabilities for the year ended June 30, 2009 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation Series 2007	<u>\$8,510,000</u>	<u>-</u>	<u>\$ (795,000)</u>	<u>\$7,715,000</u>	<u>\$ 830,000</u>
Total certificates payable	<u>8,510,000</u>	<u>-</u>	<u>(795,000)</u>	<u>7,715,000</u>	<u>830,000</u>
Accrued post-employment benefits	<u>\$1,588,205</u>	<u>\$ -</u>	<u>\$ 7,445</u>	<u>\$1,580,760</u>	<u>\$ 470,176</u>

Advance and current refunding:

Weber Human Services issued \$9,340,000 of Certificates of Participation Series 2007 along with \$1,355,000 of debt service fund reserves to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the \$10,495,000 of Series 1998 A & B Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carry amount of the old debt by \$319,527.

Certificates of Participation:

Weber Human Services Lease Certificates of Participation Series 2007 were issued to finance the purchase of the land and buildings owned by the Agency. The certificates are secured by the land and buildings being financed. The certificates were issued on November 8, 2007 for \$9,340,000 with interest of 4.3% for a period of ten years. Payments to maturity for fiscal years ending June 30 are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2010	\$ 830,000	\$ 331,744	\$ 1,161,744
2011	865,000	296,054	1,161,054
2012	900,000	258,860	1,158,860
2013	940,000	220,160	1,160,160
2014	980,000	179,740	1,159,740
2015-2017	<u>3,200,000</u>	<u>278,854</u>	<u>3,478,854</u>
Total payments	<u>\$ 7,715,000</u>	<u>\$ 1,565,412</u>	<u>\$ 9,280,412</u>

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 6 – Long-Term Debt (continued)

Accrued Post Employment Benefits

The Agency pays one-third to one-half of the accumulated sick leave to retiring employees (depending on the employee's age at the time of retirement) calculated using the employee's current hourly rate. Also, employees who meet the provisions of the state retirement program by 2012 will be permitted to convert any remaining sick leave (over one third) at a rate of 16 hours per month to purchase health and dental insurance coverage from the Agency. Management of the Agency has the right to change this policy at any time. The liability for this benefit at June 30, 2009 and 2008, was \$1,580,760 and \$1,588,205, respectively. At June 30, 2009 the Agency had 63 participants in this benefit.

Note 7 – Pension Plan

Plan Description. The Agency contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. The Agency is required to contribute a percent of covered salary to the respective systems, 11.62% to the Noncontributory. The contribution rates are actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Agency contributions to the various systems for the years ending June 30, 2009, 2008, and 2007 respectively were; for the Noncontributory System, \$1,250,045, \$1,234,262, and \$1,158,063, respectively. The contributions were equal to the required contributions for each year.

Note 8 – Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Agency carries commercial insurance. The Agency also carries commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

WEBER HUMAN SERVICES
Notes to the Financial Statements
June 30, 2009 and 2008

Note 9 – Commitments

The Agency contracts with PAAG (a non-profit organization), on a year-to-year basis to provide residential support to patients of the Agency. The contract cost for 2009 and 2008, respectively, was \$421,137 and \$940,471.

Note 10 – Related Parties

Related parties of the Agency consist of Weber and Morgan Counties. Unrestricted grant revenues received from Weber County during fiscal years 2009 and 2008 were \$2,000,450 and \$1,840,599, respectively. Unrestricted grant revenues received from Morgan County during fiscal years 2009 and 2008 were \$44,704 and \$41,914, respectively.

Note 11 – Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Agency. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

Note 12 – Insurance Coverage

Insurance coverage at June 30, 2009 consists of the following:

<u>Description</u>	<u>Amount of Coverage</u>
Personal Property – blanket coverage	\$ 20,970,476
Commercial general liability	1,000,000
Professional liability	1,000,000
Director's & Officers liability	2,000,000
Public employee dishonesty	1,000,000
Forgery alterations	1,000,000
Computer fraud	1,000,000
Public Officials bond	1,000,000
Vehicles	1,000,000
Workers Compensation	1,000,000
Accidental death & dismemberment	5,000
Boiler & machinery	18,316,213

REQUIRED SUPPLEMENTARY INFORMATION

WEBER HUMAN SERVICES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures/ Disbursements</u>	<u>Major Program</u>
<u>U.S. Department of Health and Human Services:</u>				
<u>Direct:</u>				
RSVP Action	U02SRPUT045	94.002	109,908	
Senior Companion	U02SCPUT010	94.016	303,845	
Foster Grandparent	U02SFPUT036	94.011	<u>255,019</u>	X
Total Direct Programs			<u>668,772</u>	
<u>Passed through Utah State Department of Human Services:</u>				
Federal Block Grant	06-0005	93.958	186,359	
Telehealth Equipment	06-0005	93.958	10,000	
Data Infrastructure Grant	06-0005	93.243	5,000	
Homeless FBH	08-0428	93.150	67,071	
UTCAN	06-1686	93.243	16,950	
Family Resources Facilitator	08-1592	93.958	5,979	
SAPT Grant	05-2442	93.959	1,318,238	X
Drug Free Schools	05-2442	84.186B	34,568	
SIG/SPF	08-2015	93.243	161,868	X
Senior Centers	08-0579	93.044	149,440	
Nutrition Centers	08-0579	93.045	285,203	
NFCSP Caregiver	08-0579	93.052	69,156	
Disease Prevention & Health Promotion	08-0579	93.043	11,059	
Ombudsman	08-0579	93.042	2,567	
Waivers	07-0729	93.778	27,000	
SSBG	07-0279	93.667	<u>86,238</u>	
Total passed through			<u>2,436,696</u>	
Total U.S. Department of Health and Human Services			<u>\$ 3,105,468</u>	

See auditors' report and accompanying notes to Schedule of Expenditures of Federal Awards.

WEBER HUMAN SERVICES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures/ Disbursements</u>	<u>Major Program</u>
<u>U.S. Department of Agriculture:</u>				
<u>Passed through Utah State Department of Human Services:</u>				
Elderly feeding program	08-0579	10.550	<u>157,311</u>	X
Total U.S. Department of Agriculture			<u>157,311</u>	
<u>U.S. Department of Labor:</u>				
<u>Passed through Utah State Department of Human Services</u>				
SCSP	08-0579	17.235	<u>54,055</u>	
Total U.S. Department of Labor			<u>54,055</u>	
<u>Other Federal Assistance:</u>				
Health insurance counseling	08-0579	93.779	<u>19,059</u>	
Total other federal assistance			<u>19,059</u>	
Total			<u>\$ 3,335,893</u>	

WEBER HUMAN SERVICES
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

Note – 1 Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to Weber Human Services' financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Weber Human Services, it is not intended to and does not present either the financial position, changes in fund balances or the current funds revenue, expenditures and other changes of Weber Human Services.

Note – 2 Significant Accounting Policies

Basis of Presentation - The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Awards - Pursuant to the Single Audit Act of 1984 (Public Law 98-402) and OMB Circular A-133, federal awards are defined as assistance provided by a federal Agency, either directly or indirectly, in the form of grants, insurance, or direct appropriations. Federal awards, accordingly, non-monetary federal awards, including federal surplus property, is included in federal awards and, therefore, is reported on the Schedule. It does not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal Government for which the Federal Government procures tangible goods or services are not considered to be federal awards.

Type A and Type B Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining Type A and Type B federal awards programs. Type A programs, for Weber Human Services, are those programs which exceed \$300,000 in federal expenditures, distributions, or issuances for the fiscal year ended June 30, 2009.

Reporting Entity - The reporting entity is fully described in Note 1 of Weber Human Services' financial statements. The Schedule includes all federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies for the year ended June 30, 2009.

Basis of Accounting - The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited to the amount of reimbursement.

Matching Costs - The Schedule does not include matching expenditures.

Direct and Indirect Flow-Through Federal Assistance - The majority of the Weber Human Services' federal awards are received directly from the granting federal Agency (i.e., Weber Human Services is the primary recipient). However, there is a portion of federal awards, as identified on the schedule, that are passed through a separate entity prior to receipt by Weber Human Services (i.e., Weber Human Services is a sub-recipient).

SUPPLEMENTARY INFORMATION

WEBER HUMAN SERVICES
Statement of Functional Expenses
June 30, 2009

	Mental Health	Substance Abuse	Aging	Weber MACS	Psychology	Administrative	Pharmacy	Building	Total
Operating expenses:									
Salaries and benefits	\$ 6,880,318	\$ 4,232,036	\$ 2,319,408	\$ 263,441	\$ 131,878	\$ 2,377,573	\$ 274,950	\$ 232,934	\$ 16,712,538
Travel	25,920	43,646	47,386	5,739	94	13,619	-	-	136,404
Office expenses and supplies	94,138	107,349	48,448	6,368	2,465	104,879	21,155	-	384,802
Equipment and vehicle expense	12,075	3,416	188,138	1,612	294	166,743	418	26,305	399,001
Building expense	15,324	885	80,894	-	-	6,577	-	454,773	558,453
Service fees	1,598,565	706,678	7,030	-	104,700	63,971	8,424	232	2,489,600
Program expense	296,274	225,887	1,460,190	8,693	4,401	103,471	7,205	1,439	2,107,560
Depreciation	148,998	92,452	209,891	6,516	1,571	155,810	17,064	16,031	648,333
Total Operating Expenses	\$ 9,071,612	\$ 5,412,349	\$ 4,361,385	\$ 292,369	\$ 245,403	\$ 2,992,643	\$ 329,216	\$ 731,714	\$ 23,436,691

See auditor's report

Figure 100

Figure 101

Figure 102

Figure 103

Figure 104

Figure 105

Figure 106

Figure 107

Figure 108

Figure 109

Figure 110

Figure 111

Figure 112

Figure 113

Figure 114

Figure 115

Figure 116

Figure 117

Figure 118

REPORTS

WEBER HUMAN SERVICES
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2009

JUNE 30, 2008 FINDINGS AND QUESTIONED COSTS

2008-1

Condition and Criteria: We noted in our audit that there were multiple items that required adjustments to ensure complete and accurate financial statements. Assets, liabilities, revenues, and expenses required adjustments.

Auditor's Recommendation: We recommend the Agency institute procedures to ensure that all accounting records are properly recorded prior to commencement of the audit.

Current Status: Repeat finding.

2008-2

Condition and Criteria: We noted in our audit that the Agency is not maintaining the required 60-day cash reserve equivalent as required by the Utah Department of Health.

Auditor's Recommendation: We recommend the Agency look into refinancing assets to obtain the additional cash reserves necessary to meet the requirements as defined by the Utah Department of Health.

Current Status: Repeat finding.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing
Standards**

**To The Board of Directors
Weber Human Services**

We have audited the financial statements of Weber Human Services as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated November 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Weber Human Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Weber Human Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliable in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. 2008-1 and 2009-1

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 to be material weaknesses.

Compliance and Others Matters

As part of obtaining reasonable assurance about whether Weber Human Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2008-2.

Weber Human Services' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Weber Human Services' response and, accordingly, we express no opinion on it.

We noted certain other matters that we reported to management of Weber Human Services in a separate letter dated November 17, 2009.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dity & Company, P.C.

November 17, 2009

**Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

**To the Board of Directors
Weber Human Services**

Compliance

We have audited the compliance of Weber Human Services with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2008. Weber Human Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Weber Human Services' management. Our responsibility is to express an opinion on Weber Human Services' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weber Human Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Weber Human Services' compliance with those requirements.

In our opinion, Weber Human Services' complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009 and 2008.

Internal Control Over Compliance

The management of Weber Human Services is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Weber Human Services' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Weber Human Services' internal control over compliance.

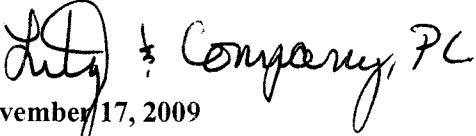
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2009-2 to be a material weakness.

Weber Human Services' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Weber Human Services' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


November 17, 2009

WEBER HUMAN SERVICES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

- | | |
|---|--------------------|
| 1) Type of auditors' report issued on financial statements: | <u>Unqualified</u> |
| 2) Significant deficiencies in internal control were disclosed by the audit in accordance with <i>Governmental Auditing Standards</i> : | <u>Yes</u> |
| Significant deficiencies that are material weaknesses in accordance with <i>Governmental Auditing Standards</i> : | <u>Yes</u> |
| 3) Noncompliance which is material to the financial statements disclosed by the audit: | <u>Yes</u> |
| 4) Significant deficiencies in internal control over major programs disclosed by the audit: | <u>Yes</u> |
| Significant deficiencies in internal control that are a material weakness: | <u>Yes</u> |
| 5) Type of auditors' report issued on compliance for major programs: | <u>Unqualified</u> |
| 6) Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a): | <u>Yes</u> |
| 7) Major Programs: | |
| SAPT Grant | |
| Foster Grandparent | |
| SPF/SIG | |
| Elderly Feeding | |
| 8) Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> |
| 9) Auditee qualified as a low-risk auditee: | No |

WEBER HUMAN SERVICES
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

**SECTION 2 - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED
GOVERNMENT AUDITING STANDARDS**

2008-1

Condition and Criteria: We noted in our audit that there were multiple items that required adjustments to ensure complete and accurate financial statements. Asset, liabilities, revenues, and expenses required adjustments.

Cause and Effect: Incomplete accounting records.

Auditor's Recommendation: We recommend the Agency institute procedures to ensure that all accounting records are properly recorded prior to commencement of the audit.

Grantee Response: Weber Human Services concurs with the finding and will institute processes to ensure that all items are satisfactorily completed and recorded by the beginning of the audit. There may be items that will need adjustment based on items that come up during the audit, but this will be reduced from the current year.

2008-2

Condition and Criteria: We noted in our audit that the Agency is not maintaining the required 60-day cash reserve equivalent as required by the Utah Department of Health.

Cause and Effect: Due to decreased revenues the Agency has not been able to maintain adequate cash reserve balances.

Auditor's Recommendation: We recommend the Agency look into refinancing assets to obtain the additional cash reserves necessary to meet the requirements as defined by the Utah Department of Health.

Grantee Response: Weber Human Services has sent a letter to the Utah State Department of Health notifying them of this condition. This is a requirement of the contract. To date we have not received a response to this letter. WHS is also examining ways to come into compliance with this requirement; such as lines of credit, refinancing of buildings, etc. WHS will work with the Department of Health to come into compliance with this finding.

2009-1

Condition and Criteria: We noted during our audit that the Agency's accounts receivable for first-party, third-party, and Title XIX are not integrated with the general ledger system. A review and posting of the balances to the general ledger only occurs at year end.

Cause and Effect: Due to the infrequency of the review of these accounts by management, significant errors or delinquencies in billings could occur and not be detected in a timely manner. Research into errors detected at year end is very time consuming and difficult due to the age of the information.

Auditors Recommendation: We recommend that Agency integrate these receivable systems into the general ledger by automated or manual process. This will provide management with quantitative values in the financial reporting systems that can be analyzed to determine if errors or irregularities are occurring. This will also provide management with the ability to monitor timeliness of the billing cycles.

Grantee Response: Weber Human Services is constantly upgrading our client management system. We are currently making improvements to our billing system that will allow us to better integrate these receivables into our general ledger. Also, we are developing reports to help us manage this area.

SECTION 3 - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH OMB CIRCULAR A-133.

U.S. Department of Health and Human Services

2009-2 Foster Grandparent – CFDA 94.011, Grant No. U02SFPUT036, Grant Period – Year ended June 30, 2009

Condition and Criteria: During the audit, material adjustments were needed to properly report the timing of revenue recognition for a major federal program.

Cause and Effect: Cash received in the current fiscal year from program advances had been recognized as income upon receipt instead of when earned. This caused the revenues to be overstated and did not properly match the revenues with the expenditures.

Auditors Recommendation: We recommend the Agency continue to institute procedures to ensure that all accounting records over the federal awards are properly reviewed and analyzed prior to year end closing. Special attention should be given to cash advances on programs to ensure they are recorded in the proper accounting period.

Grantee Response: Weber Human Services will continue to make every effort to ensure that funds are accounted for in the correct fiscal year.

Independent Auditors' Report - State Legal Compliance

**To the Board of Directors
Weber Human Services**

We have audited the accompanying financial statements of Weber Human Services for the year ended June 30, 2009, and have issued our report thereon dated November 17, 2009. As part of our audit, we have audited Weber Human Services' compliance with the requirements governing types of services allowed or un-allowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The Agency received the following major assistance programs from the State of Utah:

Utah State Department of Human Services:
Adult Services - HCB Alternatives Program
Mental Health Contracts
Substance Abuse Contracts

Our audit also included test work on the Agency's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Budgetary Compliance	Purchasing Requirements
Cash Management	Other General Compliance Issues	Utah Retirement System Compliance

The management of Weber Human Services is responsible for the Agency's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the Agency's compliance with these requirements.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Weber Human Services complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

The Agency's written response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Agency and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

Litz & Company PC
November 17, 2009

WEBER HUMAN SERVICES
Schedule of State Findings and Questioned Costs
Year ended June 30, 2009

CASH MANAGEMENT

Finding: In a sample of 20 revenue deposits, we noted 2 instances where funds receipted were not deposited within 3 banking days as required by State Statute. The delayed deposits were found in the administrative department.

Recommendation: We would recommend that the Agency create a log of all receipts received in the administration department and that deposits be made at least twice a week for this department.

Questioned Costs:

\$-0-

Response: We concur with the finding and will institute procedures to make deposits twice a week. We have recently purchased desktop deposit software and equipment that will allow us to make deposits from our agency. We are currently working out the procedures for this.